

IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF CALIFORNIA  
SAN FRANCISCO DIVISION

Avocet Sports Tech., Inc.,

NO. C 11-04049 JW

Plaintiff,

v.

**ORDER GRANTING IN PART  
DEFENDANT GARMIN'S MOTION TO  
DISMISS WITH LEAVE TO AMEND**

Garmin Int'l., Inc., et al.,

Defendants.

Presently before the Court is Defendant Garmin International, Inc.'s ("Garmin") Motion to Dismiss.<sup>1</sup> The Court finds it appropriate to take the Motion under submission without oral argument. See Civ. L.R. 7-1(b). Based on the papers submitted to date, the Court GRANTS in part and DENIES in part Defendant Garmin's Motion to Dismiss with leave to amend.

**A. Background**

A detailed factual background and procedural history of this case may be found in the Court's March 22, 2012 Order Granting Defendants' Motions to Dismiss with Leave to Amend. (hereafter, "March 22 Order," Docket Item No. 109.) The Court reviews the procedural history relevant to the present Motion.

On March 22, 2012, the Court granted motions to dismiss brought by two Defendants in this case. (March 22 Order at 9.) In addition, the Court *sua sponte* dismissed Plaintiff's Complaint in

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<sup>1</sup> (Garmin's Motion to Dismiss Plaintiff's Amended Claims for Induced and Willful Infringement Under Rule 12(b)(6), hereafter, "Motion," Docket Item No. 114.)

1 full as to all Defendants, insofar as the allegations against all Defendants named in that Complaint  
2 were identical to those at issue in the motions to dismiss addressed in the March 22 Order. (Id.)  
3 Further, the Court observed that it was not clear from the Complaint that Plaintiff had properly  
4 joined all Defendants, and instructed Plaintiff, in its Amended Complaint, to include allegations that  
5 the claims asserted against each Defendant arise from the “same transaction, occurrence, or series of  
6 transactions or occurrences.” (Id.)

7 On April 16, 2012, Plaintiff filed its First Amended Complaint against the same Defendants  
8 named in its original Complaint.<sup>2</sup> However, in its First Amended Complaint, Plaintiff alleged that it  
9 “acknowledges [that Defendants Polar Electro, Inc. (“Polar”) and Casio America, Inc. (“Casio”)] are  
10 not properly joined.” (Id. at 1 n.1.) On April 27, 2012, the Court granted Plaintiff’s stipulated  
11 dismissal without prejudice of Defendants Polar and Casio from this action. (Docket Item No. 112.)  
12 On May 10, 2012, the Court granted Plaintiff’s motion to relate this case to two separate actions that  
13 Plaintiff filed against Defendants Polar and Casio after they were dismissed from this case.<sup>3</sup>

14 On May 14, 2012, the Court held a Case Management Conference in this case and the related  
15 2012 Cases. At the May 14 Conference, the Court observed that a hearing on the present Motion to  
16 Dismiss was scheduled for June 11, 2012, and ordered that “[i]nsofar as any other Defendant wishes  
17 to oppose a current Complaint via a Rule 12(b)(6) motion, that Defendant shall join in the [present  
18 Motion to Dismiss].” (See Docket Item No. 120 at 2.) However, no other Defendant has joined in  
19 the present Motion to Dismiss.

20 **B. Standards**

21 Pursuant to Federal Rule of Civil Procedure 12(b)(6), a complaint may be dismissed against  
22 a defendant for failure to state a claim upon which relief may be granted against that defendant.

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24 <sup>2</sup> (First Amended Complaint for Patent Infringement, hereafter, “FAC,” Docket Item No.  
25 110.)

26 <sup>3</sup> (See Order Granting Motion to Relate, Docket Item No. 117.) In that Order, the Court  
27 related this case to the following two cases: (1) Avocet Sports Technology, Inc. v. Polar Electro, Inc., No. C 12-02234 JW; and (2) Avocet Sports Technology, Inc. v. Casio America, Inc., No. C 12-02235 JW (hereafter, the “2012 Cases”).

Dismissal may be based on either the lack of a cognizable legal theory or the absence of sufficient facts alleged under a cognizable legal theory. Balistreri v. Pacifica Police Dep't, 901 F.2d 696, 699 (9th Cir. 1990); Robertson v. Dean Witter Reynolds, Inc., 749 F.2d 530, 533-34 (9th Cir. 1984). For purposes of evaluating a motion to dismiss, the court “must presume all factual allegations of the complaint to be true and draw all reasonable inferences in favor of the nonmoving party.” Usher v. City of Los Angeles, 828 F.2d 556, 561 (9th Cir. 1987). Any existing ambiguities must be resolved in favor of the pleading. Walling v. Beverly Enters., 476 F.2d 393, 396 (9th Cir. 1973).

However, mere conclusions couched in factual allegations are not sufficient to state a cause of action. Papasan v. Allain, 478 U.S. 265, 286 (1986); see also McGlinchy v. Shell Chem. Co., 845 F.2d 802, 810 (9th Cir. 1988). The complaint must plead “enough facts to state a claim for relief that is plausible on its face.” Bell Atl. Corp. v. Twombly, 550 U.S. 544, 570 (2007). A claim is plausible on its face “when the plaintiff pleads factual content that allows the court to draw the reasonable inference that the defendant is liable for the misconduct alleged.” Ashcroft v. Iqbal, 129 S. Ct. 1937, 1949 (2009). Thus, “for a complaint to survive a motion to dismiss, the non-conclusory ‘factual content,’ and reasonable inferences from that content, must be plausibly suggestive of a claim entitling the plaintiff to relief.” Moss v. U.S. Secret Serv., 572 F.3d 962, 969 (9th Cir. 2009). “[A] plaintiff’s obligation to provide the grounds of his entitlement to relief requires more than labels and conclusions, and a formulaic recitation of the elements of a cause of action will not do.” Twombly, 550 U.S. at 555.

### C. Discussion

Defendant Garmin moves to dismiss Plaintiff’s claims for willful patent infringement and induced patent infringement, on the ground that Plaintiff’s Amended Complaint “fails to plead any of the necessary factual elements required” to state such claims. (Motion at 1-10.) Plaintiff responds that the Court should not dismiss its claims for willful patent infringement and induced

1 patent infringement, on the ground that its Amended Complaint “more than sufficiently alleges”  
2 factual bases for those claims.<sup>4</sup> The Court considers each of these claims in turn.

### 3 **1. Willful Infringement**

4 At issue is whether Plaintiff’s Amended Complaint sufficiently pleads a willful infringement  
5 claim.

6 To “willfully infringe a patent, the patent must exist, and one must have knowledge of it.”  
7 State Indus., Inc. v. A.O. Smith Corp., 751 F.2d 1226, 1236 (Fed. Cir. 1985) (emphasis omitted). In  
8 particular, to sufficiently plead a claim for willful infringement, a patentee “must make out the  
9 barest factual assertion of knowledge of an issued patent.” IpVenture, Inc. v. Cellco P’ship., No. C  
10 10-04755 JSW, 2011 WL 207978, at \*2 (N.D. Cal. Jan. 21, 2011). However, a “bare recitation of  
11 the required legal elements for willful infringement” is insufficient. Id. Under Fed. R. Civ. P. 8 and  
12 11(b), “when a complaint is filed, a patentee must have a good faith basis for alleging willful  
13 infringement.” In re Seagate Tech., LLC, 497 F.3d 1360, 1374 (Fed. Cir. 2007).

14 Here, Plaintiff alleges in pertinent part:

15 During the period commencing August 18, 2005, and ending upon the expiration of  
16 the ‘427 Patent, end-users and other third parties directly infringed one or more of the  
17 Method Claims of the ‘427 Patent by using the Garmin devices. (FAC ¶ 10.) During [that]  
18 time period, [Defendant] Garmin had knowledge of the ‘427 Patent and knowledge that the  
19 use of the Garmin Devices per its instructions [and] training infringed the Method Claims of  
20 the ‘427 Patent. (Id. ¶ 13.) [Defendant] Garmin had actual knowledge of the ‘427 Patent . . .  
21 due to . . . its active participation and competition in the altimeter market, including but not  
22 limited to trade shows, where [Defendant] Garmin discussed with [Plaintiff], saw, read, and  
23 observed [Plaintiff’s] patented accumulating altimeter devices and promotional materials,  
24 packaging and instruction pertaining thereto, all of which provided notice of and identified  
25 the [] ‘427 Patent. (Id.)

26 Based on the allegations above, the Court finds that Plaintiff has adequately pleaded its claim  
27 for willful infringement against Defendant Garmin. In particular, the Court finds that Plaintiff has  
28 both pleaded that the patent at issue “existed” and that Defendant Garmin had knowledge of the  
patent during the period of its existence, insofar as Plaintiff alleges that Defendant Garmin

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26 <sup>4</sup> (Plaintiff Avocet Sports Technology, Inc.’s Opposition to Garmin’s 12(b)(6) Motion to  
27 Dismiss Plaintiff’s Amended Claims for Induced and Wilful [sic] Infringement at 1-5, hereafter,  
28 “Opp’n,” Docket Item No. 119.)

1 “discussed” Plaintiff’s patented devices with Plaintiff at certain “trade shows.” (FAC ¶ 13.) The  
 2 Court finds that these allegations make out the “barest factual assertion” that Defendant Garmin had  
 3 knowledge of the patent at issue, which is sufficient to plead a claim for willful infringement.  
 4 IpVenture, 2011 WL 207978, at \*2.

5 Defendant Garmin contends that Plaintiff’s allegation regarding trade shows “should not be  
 6 taken as true for purposes of this motion to dismiss,” insofar as it is merely a “legal conclusion  
 7 couched as a factual allegation.” (Motion at 7-8.) However, the Court finds that this contention is  
 8 misguided. The allegation that Defendant Garmin attended trade shows at which it discussed  
 9 Plaintiff’s patented devices with Plaintiff is not a legal conclusion, but rather a factual allegation.  
 10 Insofar as Defendant Garmin believes that this factual allegation is inaccurate, it may file the  
 11 appropriate motion for summary judgment addressed to this allegation.

12 Defendant Garmin also contends that it has “specifically asked” Plaintiff to provide  
 13 additional factual information in support of this allegation, “but received no response” to its request.  
 14 (Motion at 5 n.5., 7-8.) On the basis of what it contends is Plaintiff’s failure to provide the details  
 15 requested, Defendant Garmin contends that Plaintiff’s allegations must be deemed “conclusory” and  
 16 thus “should not be taken as true.” (Id.) However, Defendant Garmin cites no caselaw in support of  
 17 the proposition that a party opposing a Rule 12(b)(6) motion is required to supply additional factual  
 18 details in response to a moving party’s request for such details, on penalty of its factual allegations  
 19 being deemed “conclusory”; nor is the Court aware of any case standing for that proposition.  
 20 Accordingly, the Court declines to regard Plaintiff’s factual allegation regarding trade shows as  
 21 conclusory on that basis.<sup>5</sup>

22 Accordingly, the Court DENIES Defendant Garmin’s Motion to Dismiss Plaintiff’s willful  
 23 infringement claim.

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24  
 25 <sup>5</sup> Defendant Garmin additionally asserts that Plaintiff’s factual allegations are governed by  
 26 Fed. R. Civ. P. 11(b), which provides that an attorney who files “a pleading, written motion, or other  
 27 paper” with the court thereby certifies that any “factual contentions [made in that paper] have  
 28 evidentiary support.” (See Motion at 5 n.5, 7-8.) If it is Defendant Garmin’s belief that Plaintiff’s  
 factual allegation regarding trade shows is in violation of Fed. R. Civ. P. 11(b), Defendant Garmin  
 may make the appropriate motion for sanctions pursuant to Rule 11.

## 2. Induced Infringement

At issue is whether Plaintiff's Amended Complaint sufficiently pleads an induced infringement claim.

To prove a claim for induced infringement, a patentee must show the following elements: (1) that the infringer knew or should have known its actions would induce actual infringement; (2) the infringer had specific intent to induce infringement by another; and (3) direct infringement by another. Kyocera Wireless Corp. v. Int'l Trade Comm'n, 545 F.3d 1340, 1353-54 (Fed. Cir. 2008); DSU Med. Corp. v. JMS Co., Ltd., 471 F.3d 1293, 1304, 1306 (Fed. Cir. 2006). "The requirement that the alleged infringer knew or should have known [that its] actions would induce actual infringement necessarily includes the requirement that [it] knew of the patent." DSU Med., 471 F.3d at 1304. "To sufficiently plead a claim for induced infringement, a patentee must allege facts to support each element." Avocet Sports Tech., Inc. v. Garmin Int'l, Inc., No. C 11-04049 JW, 2012 WL 1030031, at \*4 (N.D. Cal. Mar. 22, 2012) (citations omitted).

Here, Plaintiff alleges in pertinent part:

[Defendant] Garmin knowingly took active steps to induce end-users and other third parties in the United States to engage in direct infringement of the Method Claims of the '427 Patent. (FAC ¶ 11.) For example, [Defendant] Garmin provided, sold, or promoted the Garmin Devices to end-users or other third parties along with specific instructions or training regarding the use of those devices, which instructions or training actively induced said end-users and other third parties to practice the '427 Patent Method Claims and said instructions or training caused direct infringement of the '427 Patent Method Claims. (Id.) [Defendant] Garmin has knowingly taken active steps to induce end-users and other third parties to engage in direct infringement of the Method Claims of the '427 Patent and has done so with an affirmative intent to cause such direct infringement [or] with purposeful, culpable expression and conduct to encourage such direct infringement. (Id. ¶ 15.) [Defendant] Garmin's specific intent to induce infringement is evidenced by, among other things, [Defendant] Garmin's providing of specific instructions [or] training to end-users [or] other third parties knowing that its acts would induce end-users and other third parties to use the Garmin Devices and by so doing to directly infringe the Method Claims of the '427 Patent. (Id.)

Based on the allegations above, the Court finds that Plaintiff fails to adequately plead its claim for induced infringement. In particular, the Court finds that Plaintiff fails to allege any facts in support of its allegation that Defendant Garmin had specific intent to induce infringement, but instead offers mere conclusions couched in factual allegations. McGlinchy, 845 F.2d at 810.

Plaintiff's contention that it has sufficiently pleaded its claim for induced infringement, insofar as "circumstantial evidence may suffice" to prove such intent, is misguided. (Opp'n at 3-4 (citing DSU Med., 471 F.3d at 1306).) Although it is true that the Federal Circuit, in DSU Medical Corp., did state that "circumstantial evidence may suffice" to establish liability for induced infringement, the court in DSU Medical also made clear that the *type* of evidence required to establish such liability is "evidence of culpable conduct, directed to encouraging another's infringement." DSU Med., 471 F.3d at 1306. Here, viewing the allegations in the Amended Complaint in the light most favorable to Plaintiff, the Court finds that those allegations, if taken as true, do not constitute evidence—even circumstantial evidence—of "culpable conduct" that was "directed to encouraging another's infringement." Id. Instead, the allegations, taken as true, merely indicate that Defendant Garmin provided other parties with "instruction" and "training" in the use of Defendant Garmin's own products. (FAC ¶¶ 11, 15.)


Accordingly, the Court GRANTS Defendant Garmin's Motion to Dismiss Plaintiff's induced infringement claim, with leave to amend to allege specific facts in support of each element of the claim.

#### **D. Conclusion**

The Court GRANTS in part and DENIES in part Defendant Garmin's Motion to Dismiss. In particular, the Court: (1) GRANTS Defendant Garmin's Motion to Dismiss as to Plaintiff's induced infringement claim with leave to amend, and (2) DENIES Defendant Garmin's Motion to Dismiss as to Plaintiff's willful infringement claim.

On or before **June 22, 2012**, Plaintiff shall file a Second Amended Complaint consistent with the terms of this Order.

Dated: June 5, 2012

  
 JAMES WARE  
 United States District Chief Judge

**THIS IS TO CERTIFY THAT COPIES OF THIS ORDER HAVE BEEN DELIVERED TO:**

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**Dated: June 5, 2012**

**Richard W. Wieking, Clerk**

By: /s/ JW Chambers  
**William Noble**  
**Courtroom Deputy**